

ASSEMBLY BILL

No. 583

Introduced by Assembly Member Hancock

February 16, 2005

An act to add Chapter 12 (commencing with Section 91015) to Title 9 of the Government Code, relating to the Political Reform Act of 1974, and making an appropriation therefor.

LEGISLATIVE COUNSEL'S DIGEST

AB 583, as introduced, Hancock. Political Reform Act of 1974: California Clean Money and Fair Elections Act of 2005.

(1) Under existing law, the Political Reform Act of 1974, a public officer is prohibited from expending or accepting any public moneys for the purpose of seeking elective office.

This bill would enact the California Clean Money and Fair Elections Act of 2005, which would authorize eligible candidates, as defined, to obtain public funds according to specified procedures and requirements, provided that certain thresholds are attained. The bill would impose responsibility for the administration of the provisions of the bill on the Fair Political Practices Commission. The bill would appropriate \$500,000 each fiscal year from the fund created by the bill to the Fair Political Practices Commission for the purpose of administration of the act, as specified.

The bill would add contribution limits that, among other things, limit contributions to a candidate for statewide elective office who does not participate in clean money funding.

(2) Existing law makes a violation of the act subject to administrative, civil, and criminal penalties.

This bill would impose a state-mandated local program by imposing these penalties on persons who violate certain provisions of this bill.

(3) The California Constitution requires the state to reimburse local agencies and school districts for certain costs mandated by the state. Statutory provisions establish procedures for making that reimbursement.

This bill would provide that, if the Commission on State Mandates determines that the bill contains costs mandated by the state, reimbursement for those costs shall be made pursuant to these statutory provisions.

(4) The Political Reform Act of 1974, an initiative measure, provides that the Legislature may amend the act to further the act's purposes with a $\frac{2}{3}$ vote of each house and compliance with specified procedural requirements.

This bill, which would declare that it furthers the purposes of the act, would therefore require a $\frac{2}{3}$ vote.

(5) This bill would declare that it is to take effect on January 1, 2007.

Vote: $\frac{2}{3}$. Appropriation: yes. Fiscal committee: yes. State-mandated local program: yes.

The people of the State of California do enact as follows:

SECTION 1. Chapter 12 (commencing with Section 91015) is added to Title 9 of the Government Code, to read:

CHAPTER 12. CALIFORNIA CLEAN MONEY AND FAIR
ELECTIONS ACT OF 2005

Article 1. General

91015. This chapter shall be known and may be cited as the California Clean Money and Fair Elections Act of 2005.

91017. The people find and declare all of the following:

(a) The current campaign finance system burdens candidates with the incessant rigors of fundraising and thus decreases the time available to carry out their public responsibilities.

(b) The current campaign finance system diminishes the free speech rights of nonwealthy voters and candidates whose voices are drowned out by those who can afford to monopolize the arena of paid political communications.

1 (c) The current campaign finance system fuels the public
2 perception of corruption at worst and conflict of interest at best
3 and undermines public confidence in the democratic process and
4 democratic institutions.

5 (d) The ever-increasing costs of political campaigns in
6 competitive races force most candidates to raise larger and larger
7 percentages of money from interest groups that have a specific
8 financial stake in the outcome of the elections and in matters
9 before our state government.

10 (e) Existing term limits place a greater demand on fundraising
11 for the next election even for elected officials in safe seats.

12 (f) The rapidly increasing amounts of independent
13 expenditures point to a growing trend of special interest groups
14 to funnel funds through independent expenditure committees in
15 an effort to skirt the contribution laws.

16 (g) The current campaign finance system undermines the First
17 Amendment right of voters and candidates to be heard in the
18 political process, undermines the First Amendment right of
19 voters to hear all candidates' speech, and undermines the core
20 First Amendment value of open and robust debate in the political
21 process.

22 (h) Because of legislative reapportionment, most legislative
23 campaigns are not competitive and thus candidates do not have to
24 spend huge amounts of money to be elected. However, in
25 competitive elections costs can exceed one million dollars
26 (\$1,000,000). This law is designed to address both situations by
27 providing smaller amount for public funds in noncompetitive
28 races and much larger amounts in competitive contests. By doing
29 this, the California Clean Money and Fair Elections Act of 2005
30 saves the taxpayers of California from unnecessarily expending
31 large amounts of public money.

32 (i) In states where the clean money and clean election laws
33 have been enacted and used, election results show that more
34 individuals, especially women and minorities, run as candidates;
35 voter turnout increases and overall campaign costs decrease.

36 (j) The current campaign finance system creates a danger of
37 actual corruption by encouraging elected officials to take moneys
38 from private interests that are directly affected by governmental
39 actions.

1 91019. The people enact this chapter to accomplish the
2 following separate but related purposes:

3 (a) It would reduce the influence of large contributions on the
4 decisions made by state government.

5 (b) It would remove wealth as a major factor affecting whether
6 an individual chooses to become a candidate.

7 (c) It would provide a greater diversity of candidates to
8 participate in the electoral process.

9 (d) It would reverse the escalating cost of elections that have
10 increased far beyond the increases in the cost of living.

11 (e) It would permit candidates to pursue policy issues instead
12 of being preoccupied with fundraising and allow officeholders
13 more time to carry out their official duties.

14 (f) It would diminish the danger of actual corruption or the
15 public perception of corruption and strengthen public confidence
16 in the governmental and election processes.

17 (g) It would ensure that independent expenditures are not used
18 to evade contribution limits.

19 91021. The people enact this chapter to further accomplish the
20 following separate but related purposes:

21 (a) It would foster more equal and meaningful participation in
22 the political process.

23 (b) It would provide candidates who participated in the
24 program with sufficient resources with which to communicate
25 with voters.

26 (c) It would increase the accountability of each elected official
27 to the constituents who elect him or her, as opposed to the
28 contributors who fund his or her campaigns.

29 (d) It would provide voters with timely information regarding
30 the sources of campaign contributions, expenditures, and political
31 advertising.

32
33 Article 2. Applicability to the Political Reform Act of 1974
34

35 91023. Unless specifically superseded by this act, the
36 definitions and provisions of the Political Reform Act of 1974
37 shall govern the interpretation of this law.

Article 3. Definitions

91025. (a) The contributions of an entity whose contributions are directed and controlled by any individual shall be aggregated with contributions made by that individual and any other entity whose contributions are directed and controlled by the same individual.

(b) If two or more entities make contributions that are directed and controlled by a majority of the same persons, the contributions of those entities shall be aggregated.

(c) Contributions made by entities that are majority-owned by any person shall be aggregated with the contributions of the majority owner and all other entities majority-owned by that person, unless those entities act independently in their decisions to make contributions.

91027. "Coordination" means a payment made for a communication or anything of value that is for the purpose of influencing the outcome of a state election and that is made:

(a) By a person in cooperation, consultation, or concert with, at the request or suggestion of, or pursuant to a particular understanding with a candidate, a candidate's controlled committee, or an agent acting on behalf of a candidate or a controlled committee.

(b) By a person for the dissemination, distribution, or republication, in whole or in part, of any broadcast or any written, graphic, or other form of campaign material prepared by a candidate, a candidate's controlled committee, or an agent of a candidate or a controlled committee.

(c) Based on specific information about the candidate's plans, projects, or needs provided to the person making the payment by the candidate or the candidate's agent who provides the information with a view toward having the payment made.

(d) By a person if, in the same primary and general election in which the payment is made, the person making the payment is serving or has served as a member, employee, fundraiser, or agent of the candidate's controlled committee in an executive or policymaking position.

(e) By a person if the person making the payment has served in any formal policy or advisory position with the candidate's campaign or has participated in strategic or policymaking

1 discussions with the candidate's campaign relating to the
2 candidate's pursuit of nomination for election, or election, to a
3 state office, in the same primary and general election as the
4 primary and general election in which the payment is made.

5 (f) By a person if the person making the payment retains the
6 professional services of an individual or person who, in a
7 nonministerial capacity, has provided or is providing
8 campaign-related services in the same election to a candidate
9 who is pursuing the same nomination or election as any of the
10 candidates to whom the communication refers.

11 91029. "Entity" means any person other than an individual.

12 91031. "Excess expenditure amount" means the amount of
13 money spent or obligated to be spent by a nonparticipating
14 candidate in excess of the Clean Money amount available to a
15 participating candidate running for the same office. If a
16 participating candidate has made the choice specified in
17 subdivision (c) of Section 91097 in an election where there is
18 more than one participating candidate, then the Clean Money
19 amount available to the participating candidate shall be
20 considered to be the actual amount paid by the Clean Money
21 Fund to the candidate for that primary or general election period,
22 including any increase or decrease effected by the choice.

23 91033. "Exploratory period" means the period beginning 18
24 months before the primary election and ending on the last day of
25 the qualifying period. The exploratory period begins before, but
26 extends to the end of, the qualifying period.

27 91035. "General election campaign period" means the period
28 beginning the day after the primary election and ending on the
29 day of the general election.

30 91037. "Independent candidate" means a candidate who does
31 not represent a political party that has been granted ballot status
32 for the general election and who has qualified to be on the
33 general election ballot.

34 91039. "Independent electioneering expenditures" means any
35 expenditure of two thousand five hundred dollars (\$2,500) or
36 more made by a person, party committee, political committee or
37 political action committee, or any entity required to file reports
38 pursuant to Section 84605, during the 45 calendar days before a
39 primary or the 60 calendar days before a general election, which

1 expressly advocates the election or defeat of a clearly identified
2 candidate or names or depicts clearly identified candidates.

3 91041. “Majority-owned” means an ownership of 50 percent
4 or more.

5 91043. “Nonparticipating candidate” means a candidate who
6 is on the ballot but has chosen not to apply for Clean Money
7 campaign funding, a candidate who is on the ballot and has
8 applied but has not satisfied the requirements for receiving Clean
9 Money funding, or a candidate of a party that is not eligible for
10 Clean Money funding.

11 91045. “Office-qualified party” means a party whose
12 gubernatorial nominee has received 10 percent or more of the
13 votes at the last election or whose candidate for the same office
14 in the same district, whether statewide or legislative, as the
15 current candidate seeking Clean Money funding received 10
16 percent or more of the votes at the last election.

17 91046. “Office-qualified candidate” is a candidate who has
18 won the primary of an office-qualified party.

19 91047. “One party dominant legislative district” is a district in
20 which the number of registered voters for the party with the
21 highest number of registered voters exceeds the number of
22 registered voters for each of the other parties by an amount no
23 less than 20 percent of the total number of registered voters in the
24 district.

25 91049. “Participating candidate” means a candidate who
26 qualifies for Clean Money campaign funding. These candidates
27 are eligible to receive Clean Money funding during primary and
28 general election campaign periods.

29 91051. “Party candidate” means a candidate who represents a
30 political party that has been granted ballot status and holds a
31 primary election to choose its nominee for the general election.

32 91053. “Performance-qualified candidate” means a candidate
33 who has either won the primary nomination of an office-qualified
34 party or shown a broad base of support by gathering twice the
35 number of qualifying contributions as an office-qualified
36 candidate.

37 91055. “Petty cash” means cash amounts of one hundred
38 dollars (\$100) or less per day that are drawn on the Clean Money
39 Debit Card and used to pay expenses of no more than twenty-five
40 dollars (\$25) each.

1 91057. “Political party committee” means the state central
2 committee or county central committee of an organization that
3 meets the requirements for recognition as a political party
4 pursuant to Section 5100 of the Elections Code.

5 91059. “Primary election campaign period” means the period
6 beginning 120 days before the primary election and ending on
7 the day of the primary election.

8 91061. “Qualified candidate” means a candidate who is not an
9 office-qualified candidate who has qualified for Clean Money
10 funding.

11 91063. “Qualifying contribution” means a contribution of five
12 dollars (\$5) that is received during the designated qualifying
13 period by a candidate seeking to become eligible for Clean
14 Money campaign funding from a registered voter of the district
15 in which the candidate is running for office

16 91065. “Qualifying period” means the period during which
17 candidates are permitted to collect qualifying contributions in
18 order to qualify for Clean Money funding. It begins 270 days
19 before the primary election and ends 90 days before the day of
20 the primary election for qualified party candidates and begins any
21 time after January 1 of the election year and lasts 180 days but in
22 no event ending later than 90 days before the general election for
23 performance-qualified candidates.

24 91067. “Seed money contribution” means a contribution of no
25 more than one hundred dollars (\$100) made by a California
26 registered voter during the exploratory period.

27 91069. “Small contributor committee” means any committee
28 that meets all of the following criteria:

29 (a) The committee has been in existence for at least six
30 months.

31 (b) The committee has received contributions from 100 or
32 more persons.

33 (c) No one person has contributed to the committee more than
34 two hundred dollars (\$200) per calendar year.

35 (d) The committee makes contributions to five or more
36 candidates.

37 (e) The committee is not a candidate-controlled committee
38 pursuant to Section 82016.

Article 4. Clean Money

91071. (a) An office-qualified candidate qualifies as a participating candidate for the primary election campaign period if the following requirements are met:

(1) The candidate files a declaration with the Commission that the candidate has complied and will comply with all of the requirements of this act, including the requirement that during the exploratory period and the qualifying period the candidate not accept or spend private contributions from any source other than seed money contributions, Clean Money funds, and political party funds as specified in Section 91123.

(2) The candidate meets the following qualifying contribution requirements before the close of the qualifying period:

(A) The office-qualified party candidate collects at least the following number of qualifying contributions:

(i) Five hundred qualifying contributions for a candidate running for the office of Member of the Assembly.

(ii) One thousand qualifying contributions for a candidate running for the office of Member of the State Senate.

(iii) One thousand five hundred qualifying contributions for a candidate running for the office of member of the State Board of Equalization.

(iv) Seven thousand five hundred qualifying contributions for a candidate running for any statewide office other than Governor.

(v) Twenty-five thousand qualifying contributions for a candidate running for the office of Governor.

(B) No registered voter shall provide more than one qualifying contribution for each office for which he or she is eligible to vote.

(C) Each qualifying contribution shall be acknowledged by a receipt to the contributor, with a copy submitted to the Commission by the candidate. The receipt shall include the contributor's signature, printed name, and home address, and the name of the candidate on whose behalf the contribution is made. In addition, the receipt shall indicate by the contributor's signature that the contributor understands that the purpose of the qualifying contribution is to help the candidate qualify for Clean Money campaign funding and that the contribution is made without coercion or reimbursement.

1 (D) A contribution submitted as a qualifying contribution that
2 does not include a signed and fully completed receipt shall not be
3 counted as a qualifying contribution.

4 (E) All five dollar (\$5) qualifying contributions, whether in the
5 form of cash, check, or money order made out to the candidate's
6 campaign account, shall be deposited by the candidate in the
7 candidate's campaign account.

8 (F) All qualifying contributions' signed receipts shall be sent
9 to the Commission and shall be accompanied by a check from the
10 candidate's campaign account for the total amount of qualifying
11 contribution moneys received for deposit in the Clean Money
12 Fund. This submission shall be accompanied by a signed
13 statement from the candidate indicating that all of the
14 information on the qualifying contribution receipts is complete
15 and accurate to the best of the candidate's knowledge and that the
16 amount of the enclosed check is equal to the sum of all the five
17 dollar (\$5) qualifying contributions the candidate has received.

18 (b) A party-qualified candidate qualifies as a participating
19 candidate for the general election campaign period if both of the
20 following requirements are met:

21 (1) The candidate met all of the applicable requirements and
22 filed a declaration with the Commission that the candidate has
23 fulfilled and will fulfill all of the requirements of a participating
24 candidate as stated in this act.

25 (2) As a participating candidate from an office-qualified party
26 during the primary election campaign period, the candidate had
27 the highest number of votes of the candidates contesting the
28 primary election from the candidate's respective party and,
29 therefore, won the party's nomination.

30 91073. A qualified candidate shall collect at least the number
31 of signatures as required for an office-qualified candidate for the
32 same office and may show a greater base of support by collecting
33 double the amount of signatures as required for an
34 office-qualified candidate to become a performance-qualified
35 candidate. The candidate shall also file a declaration with the
36 Commission that the candidate has complied and will comply
37 with all of the requirements of this act, except the requirement
38 that during the exploratory period and the qualifying period the
39 candidate not accept or spend private contributions from any
40 source other than seed money contributions and Clean Money

1 qualifying contributions. For a candidate who does not run in a
2 primary, the qualifying period begins any time after January 1 of
3 the election year and lasts 180 days, except that it shall end no
4 later than 90 days before the general election. A candidate who is
5 not an office-qualified candidate shall notify the Commission
6 within 24 hours of the day when the candidate has begun
7 collecting qualifying contributions.

8 91075. During the first election that occurs after the effective
9 date of this act, a candidate may be certified as a participating
10 candidate, notwithstanding the acceptance of contributions or
11 making of expenditures from private funds before the date of
12 enactment that would, absent this section, disqualify the
13 candidate as a participating candidate, provided that any private
14 funds accepted but not expended before the effective date of this
15 act meet any of the following criteria:

- 16 (a) Are returned to the contributor.
- 17 (b) Are held in a special campaign account and used only for
18 retiring a debt from a previous campaign.
- 19 (c) Are submitted to the Commission for deposit in the Clean
20 Money Fund.

21 91077. A participating candidate who accepts any benefits
22 during the primary election campaign period shall comply with
23 all the requirements of this act through the general election
24 campaign period whether the candidate continues to accept
25 benefits or not.

26 91079. (a) During the primary and general election campaign
27 periods, a participating candidate who has voluntarily agreed to
28 participate in, and has become eligible for, Clean Money
29 benefits, shall not accept private contributions from any source
30 other than the candidate's political party as specified in Section
31 91123.

32 (b) During the qualifying period and the primary and general
33 election campaign periods, a participating candidate who has
34 voluntarily agreed to participate in, and has become eligible for,
35 Clean Money benefits shall not solicit or receive political
36 contributions for any other candidate or for any political party or
37 other political committee.

38 (c) No person shall make a contribution in the name of another
39 person. A participating candidate who receives a qualifying
40 contribution or a seed money contribution that is not from the

1 person listed on the receipt required by subparagraph (D) of
2 paragraph (2) of subdivision (a) of Section 91071 shall be liable
3 to pay the Commission the entire amount of the inaccurately
4 identified contribution, in addition to any penalties.

5 (d) During the primary and general election campaign periods,
6 a participating candidate shall pay for all of the candidate's
7 campaign expenditures, except petty cash expenditures, by means
8 of a "Clean Money Debit Card" issued by the Commission, as
9 authorized under Section 91137.

10 (e) Eligible candidates shall furnish complete campaign
11 records, including all records of seed money contributions and
12 qualifying contributions, to the Commission at regular filing
13 times. Candidates shall cooperate with any audit or examination
14 by the Commission, the Franchise Tax Board, or any
15 enforcement agency.

16 91081. (a) During an election, each participating candidate
17 shall conduct all campaign financial activities through a single
18 campaign account.

19 (b) Notwithstanding Section 85201, a participating candidate
20 may maintain a campaign account other than the campaign
21 account described in subdivision (a) if the other campaign
22 account is for the purpose of retiring a campaign debt that was
23 incurred during a previous election campaign in which the
24 candidate was not a participating candidate.

25 (c) Contributions for the purposes of a retiring a previous
26 campaign debt that are deposited in the "other campaign
27 account" described in subdivision (b) shall not be considered
28 "contributions" to the candidate's current campaign. Those
29 contributions shall only be raised during the six-month period
30 following the date of the election.

31 (d) Participating candidates shall file reports of financial
32 activity related to the current election cycle separately from
33 reports of financial activity related to previous election cycles.

34 91083. (a) Participating candidates shall use their Clean
35 Money funds only for direct campaign purposes.

36 (b) A participating candidate shall not use Clean Money funds
37 for any of the following:

38 (1) Costs of legal defense in any campaign law enforcement
39 proceeding under this act.

1 (2) Indirect campaign purposes, including, but not limited to,
2 the following:

3 (A) The candidate's personal support or compensation to the
4 candidate or the candidate's family.

5 (B) The candidate's personal appearance.

6 (C) Capital assets having a value in excess of five hundred
7 dollars (\$500) and useful life extending beyond the end of the
8 current election period determined in accordance with generally
9 accepted accounting principles.

10 (D) A contribution or loan to the campaign committee of
11 another candidate or to a party committee or other political
12 committee.

13 (E) An independent expenditure.

14 (F) A gift in excess of twenty-five dollars (\$25) per person.

15 (G) Any payment or transfer for which compensating value is
16 not received.

17 91085. (a) Personal funds contributed as seed money by a
18 candidate seeking to become eligible as a participating candidate
19 or by adult members of the candidate's family shall not exceed
20 the maximum of one hundred dollars (\$100) per contributor.

21 (b) Personal funds shall not be used to meet the qualifying
22 contribution requirement except for one five dollar (\$5)
23 contribution from the candidate and one five dollar (\$5)
24 contribution from the candidate's spouse.

25 91087. (a) The only private contributions a candidate seeking
26 to become eligible for Clean Money funding shall accept, other
27 than qualifying contributions and limited contributions from the
28 candidate's political party as specified in Section 91223, are seed
29 money contributions contributed by duly registered voters in the
30 district in which the candidate is running for election prior to the
31 end of the qualifying period.

32 (b) A seed money contribution shall not exceed one hundred
33 dollars (\$100) per donor, and the aggregate amount of seed
34 money contributions accepted by a candidate seeking to become
35 eligible for Clean Money funding shall not exceed:

36 (1) Seven thousand five hundred dollars (\$7,500) for a
37 candidate running for the office of Member of the Assembly.

38 (2) Fifteen thousand dollars (\$15,000) for a candidate running
39 for the office of Member of the State Senate.

1 (3) Twenty-five thousand dollars (\$25,000) for a candidate
2 running for the office of member of the State Board of
3 Equalization.

4 (4) Fifty thousand dollars (\$50,000) for a candidate running
5 for a statewide office other than Governor.

6 (5) Three hundred thousand dollars (\$300,000) for a candidate
7 running for the office of Governor.

8 (c) Receipts for seed money contributions under twenty-five
9 dollars (\$25) shall include the contributor's signature, printed
10 name, street address, and ZIP Code. Receipts for seed money
11 contributions of twenty-five dollars (\$25) or more shall also
12 include the contributor's occupation and name of employer.
13 Contributions shall not be retained if the required disclosure
14 information is not received.

15 (d) Seed money shall be spent only during the exploratory and
16 qualifying periods. Seed money shall not be spent during the
17 primary or general election campaign periods. Any unspent seed
18 money shall be turned over to the Commission for deposit in the
19 Clean Money Fund.

20 (e) Within 72 hours after the close of the qualifying period,
21 candidates seeking to become eligible for Clean Money funding
22 shall do both of the following:

23 (1) Fully disclose all seed money contributions and
24 expenditures to the Commission.

25 (2) Turn over to the Commission for deposit in the Clean
26 Money Fund any seed money the candidate has raised during the
27 exploratory period that exceeds the aggregate seed money limit.

28 91091. Participating candidates in contested races shall agree
29 to participate in at least one public debate during a contested
30 primary election and two debates during a contested general
31 election.

32 91093. (a) No more than five days after a candidate applies
33 for Clean Money benefits, the Commission shall certify that the
34 candidate is or is not eligible. Eligibility may be revoked if the
35 candidate violates the requirements of this act, in which case all
36 Clean Money funds shall be repaid.

37 (b) The candidate's request for certification shall be signed by
38 the candidate and the candidate's campaign treasurer under
39 penalty of perjury.

1 (c) The Commission's determination is final except that it is
2 subject to a prompt judicial review.

3
4 Article 5. Clean Money Benefits
5

6 91095. (a) Candidates who qualify for Clean Money funding
7 for primary and general elections shall:

8 (1) Receive Clean Money funding from the Commission for
9 each election, the amount of which is specified in Section 91097.
10 This funding may be used to finance any and all campaign
11 expenses during the particular campaign period for which it was
12 allocated.

13 (2) If an office-qualified candidate or a performance-qualified
14 candidate showing a broad base of support, receive additional
15 Clean Money funding to match any excess expenditure amount
16 spent by a nonparticipating candidate, as disclosed pursuant to
17 Section 91107.

18 (3) If an office-qualified candidate or a performance-qualified
19 candidate showing a broad base of support, receive additional
20 Clean Money funding to match any independent expenditure or
21 independent electioneering expenditure made in opposition to
22 their candidacies or in support of their opponents' candidacies, as
23 disclosed pursuant to Section 91109, provided that the dollar
24 value of the independent expenditure, combined with the amount
25 raised or received thus far by any opposing candidate who
26 benefits from the independent expenditure, exceeds the original
27 Clean Money funding amount received by the participating
28 candidate.

29 (b) The maximum aggregate amount of funding a participating
30 office-qualified candidate or a performance-qualified candidate
31 showing a broad base of support shall receive to match
32 independent expenditures and excess expenditures of
33 nonparticipating candidates shall be no more than five times the
34 original amount of Clean Money funding allocated to a
35 participating candidate for a particular primary or general
36 election campaign period.

37 (c) A qualified candidate shall be entitled to raise additional
38 private funds, subject to the contribution limitations imposed on
39 nonparticipating candidates, in an amount not to exceed what an
40 office-qualified candidate or a performance-qualified candidate

1 for the same office is entitled to receive in Clean Money funding
2 as set forth in subdivisions (a) and (b).

3 91097. (a) An eligible qualified or office-qualified candidate
4 shall receive the candidate's Clean Money funding for the
5 primary election campaign period on the date on which the
6 Commission certifies the candidate as a participating candidate.
7 This certification shall take place no later than five days after the
8 candidate has submitted the required number of qualifying
9 contribution receipts, a check for the total amount of qualifying
10 contributions collected, and a declaration stating that the
11 candidate has complied with all other requirements for eligibility
12 as a participating candidate, but no earlier than the beginning of
13 the primary election campaign period.

14 (b) An eligible qualified or performance-qualified candidate
15 shall receive the candidate's Clean Money funding for the
16 general election campaign period within two business days after
17 certification of the primary election results.

18 (c) A participating candidate for Legislature running in the
19 primary of the dominant party in a one-party dominant district
20 may choose to reallocate a portion of the Clean Money funding
21 amount from the general election period to the primary period.
22 The candidate shall make this choice in a writing submitted to the
23 Commission with the materials specified in subdivision (a) at the
24 close of the qualifying period. The participating candidate who
25 makes such a choice shall receive an additional amount equal to
26 50 percent of the amount specified for the general election for the
27 appropriate office as set forth in subdivision (b) of Section
28 91099. The amount a participating candidate who makes such a
29 choice shall receive at the beginning of the general election
30 period shall be reduced by 50 percent. The choice may also affect
31 the amount at which an opposing candidate may be considered to
32 have exceeded the amount of Clean Money funding available to
33 the participating candidate.

34 91099. (a) For eligible candidates in a primary election:

35 (1) The amount of Clean Money funding for an eligible
36 office-qualified party candidate in a primary, special, or special
37 runoff election is:

38 (A) One hundred thousand dollars (\$100,000) for a candidate
39 running for the office of Member of the Assembly.

1 (B) Two hundred thousand dollars (\$200,000) for a candidate
2 running for the office of Member of the State Senate.

3 (C) Two hundred fifty thousand dollars (\$250,000) for a
4 candidate running for the office of member of the State Board of
5 Equalization.

6 (D) One million dollars (\$1,000,000) for a candidate running
7 for a statewide office other than Governor or Attorney General.

8 (E) One million five hundred thousand dollars (\$1,500,000)
9 for a candidate running for Attorney General.

10 (F) Six million dollars (\$6,000,000) for a candidate running
11 for Governor.

12 (2) The amount of Clean Money funding for an eligible
13 performance-qualified candidate in a primary, special, or special
14 runoff election is 20 percent of the amount an office-qualified
15 party candidate running for the same office could receive.

16 (3) The Clean Money funding amount for an eligible candidate
17 in a primary election where no other candidates are running in
18 any party primary for that seat is 10 percent of the amount
19 provided in a contested primary election.

20 (b) For eligible candidates in a general election:

21 (1) The amount of Clean Money funding for an eligible
22 performance-qualified candidate in a contested general election
23 is:

24 (A) One hundred fifty thousand dollars (\$150,000) for a
25 candidate running for the office of Member of the Assembly.

26 (B) Three hundred thousand dollars (\$300,000) for a candidate
27 running for the office of Member of the State Senate.

28 (C) Five hundred thousand dollars (\$500,000) for a candidate
29 running for the office of member of the State Board of
30 Equalization.

31 (D) Two million dollars (\$2,000,000) for a candidate running
32 for a statewide office other than Governor or Attorney General.

33 (E) Three million dollars (\$3,000,000) for a candidate running
34 for Attorney General.

35 (F) Ten million dollars (\$10,000,000) for a candidate running
36 for Governor.

37 (2) The amount of Clean Money funding for an eligible
38 qualified candidate in a contested general election is 50 percent
39 of the amount a performance-qualified candidate running for the
40 same office could receive.

1 Article 6. Restrictions on Nonparticipating Candidates,
2 Political Parties, and Independent Expenditure Committees

3
4 91101. (a) A person, other than a small contributor
5 committee or political party committee, shall not make to any
6 nonparticipating candidate, and a nonparticipating candidate shall
7 not accept from a person other than a small contributor
8 committee or a political party committee, any contribution
9 totaling more than five thousand dollars (\$5,000) per election.

10 (b) The provisions of this section do not apply to a
11 nonparticipating candidate's contributions of personal funds to
12 the candidate's own campaign.

13 91103. A small contributor committee shall not make to any
14 nonparticipating candidate, and a nonparticipating candidate shall
15 not accept from a small contributor committee, any contribution
16 totaling more than ten thousand dollars (\$10,000) per election.

17 91105. (a) A person shall not make to any committee,
18 including an independent expenditure committee, and a
19 committee shall not accept from a person, contributions totaling
20 more than one thousand dollars (\$1,000)

21 (b) A person shall not make in the aggregate to political party
22 committees of the same political party, and a political party
23 committee shall not accept from a person, contributions totaling
24 more than five thousand dollars (\$5,000) per calendar year.

25 (c) Nothing in this chapter limits a candidate from transferring
26 contributions received by the candidate in excess of any amount
27 necessary to defray the candidate's expenses for election-related
28 activities or holding office to a political party committee,
29 provided those transferred contributions are used for purposes
30 consistent with paragraph (4) of subdivision (b) of Section
31 89519.

32
33 Article 7. Disclosure Requirements
34

35 91107. (a) If a nonparticipating candidate's total expenditures
36 or promises to make campaign expenditures exceed the amount
37 of Clean Money funding allocated to the candidate's Clean
38 Money opponent or opponents, the candidate shall declare every
39 excess expenditure amount which, in the aggregate, is more than
40 five thousand dollars (\$5,000) to the Commission within 24

1 hours of the time the expenditure or promise is made, whichever
2 occurs first.

3 (b) The Commission may make its own determination as to
4 whether excess expenditures have been made by nonparticipating
5 candidates.

6 (c) Upon receiving an excess expenditure declaration or
7 determining that an excess expenditure has been made, the
8 Commission shall immediately release additional Clean Money
9 funding to the opposing participating performance-qualified
10 candidate. The amount released shall be equal to the excess
11 expenditure amount the nonparticipating candidate has spent or
12 has obligated to spend. The maximum aggregate amount of
13 additional funding a participating candidate receives to match the
14 total of independent expenditures and the excess expenditures of
15 nonparticipating candidates is no more than an additional 500
16 percent of the participating candidate's actual initial Clean
17 Money funding allocation for the relevant office.

18 91109. (a) In addition to any other report required by this
19 chapter, a committee, including a political party committee, that
20 is required to file reports pursuant to Section 84605 and that
21 makes independent expenditures of one thousand dollars
22 (\$1,000) or more during an election cycle in connection with a
23 candidate, shall file online or electronically a report with the
24 Commission disclosing the making of the independent
25 expenditure. This report shall disclose the same information
26 required by subdivision (b) of Section 84204 and shall be filed
27 within 24 hours of the time the independent expenditure is made.

28 (b) The report to the Commission shall include a signed
29 statement under penalty of perjury by the person or persons
30 making the independent expenditure identifying the candidate or
31 candidates whom the independent expenditure is intended to help
32 elect or defeat and affirming that the expenditure is independent
33 and whether it is coordinated with a candidate or a political party.

34 (c) Any individual or organization that fails to file the required
35 report to the Commission or provides materially false
36 information in a report filed pursuant to subdivision (a) or (b)
37 may be fined up to three times the amount of the independent
38 expenditure, in addition to any other remedies provided by this
39 act.

(d) Upon receiving a report that an independent expenditure has been made or obligated to be made, the Commission shall immediately release additional Clean Money funding, equal in amount to the cost of the independent expenditure, to all participating candidates whom the independent expenditure is intended to oppose or defeat in that specific primary or general election, provided that:

(1) The dollar value of the independent expenditure, combined with the amount raised or received thus far by any opposing candidate who benefits from the independent expenditure, exceeds the original actual Clean Money funding amount received by the participating candidate.

(2) The maximum aggregate amount of additional funding a participating candidate receives to match the total of independent expenditures and the excess expenditures of nonparticipating candidates is no more than an additional 500 percent of the participating candidate's initial Clean Money funding allocation.

(e) A controlled committee of a candidate shall not make independent expenditures and shall not contribute funds to another expenditures to support or oppose other candidates.

91111. (a) In addition to any other report required by this chapter, a committee, including a political party committee, that is required to file reports pursuant to Section 84605 and that makes independent electioneering expenditures of one thousand dollars (\$1,000) or more during an election cycle in connection with a candidate, shall file online or electronically a report with the Commission disclosing the making of the independent electioneering expenditure. This report shall disclose the same information required by subdivision (b) of Section 84204 and shall be filed within 24 hours of the time the independent expenditure is made.

(b) The report to the Commission shall include a signed statement under penalty of perjury by the person or persons making the independent electioneering expenditure identifying the candidate or candidates whom the independent electioneering expenditure is intended to help elect or defeat and affirming that the expenditure is independent and whether it is coordinated with a candidate or a political party.

(c) Any individual or organization that fails to file the required report to the Commission or provides materially false

1 information in a report filed pursuant to subdivisions (a) or (b)
2 may be fined up to three times the amount of the independent
3 electioneering expenditure, in addition to any other remedies
4 provided by this act.

5 (d) Upon receiving a report that an independent electioneering
6 expenditure has been made or obligated to be made, the
7 Commission shall immediately release additional Clean Money
8 funding, equal in amount to the cost of the independent
9 electioneering expenditure, to all participating candidates whom
10 the independent electioneering expenditure is intended to oppose
11 or defeat in that specific primary or general election, provided
12 that:

13 (1) The dollar value of the independent electioneering
14 expenditure, combined with the amount raised or received thus
15 far by any opposing candidate who benefits from the independent
16 electioneering expenditure, exceeds the original actual Clean
17 Money funding amount received by the participating candidate.

18 (2) The maximum aggregate amount of additional funding a
19 participating candidate receives to match the total of independent
20 electioneering expenditures and the excess expenditures of
21 nonparticipating candidates is no more than an additional 500
22 percent of the participating candidate's initial Clean Money
23 funding allocation.

24 91113. All broadcast and print advertisements placed by
25 candidates or their committees shall include a clear written or
26 spoken statement indicating that the candidate has approved of
27 the contents of the advertisement.

28
29 Article 8. Legal Defense, Officeholder, and Inaugural Funds
30

31 91115. (a) A candidate or officer may establish a separate
32 account to defray attorney's fees and other related legal costs
33 incurred for the candidate's or officer's legal defense if the
34 candidate or officer is subject to one or more civil or criminal
35 proceedings or administrative proceedings arising directly out of
36 the conduct of an election campaign, the electoral process, or the
37 performance of the officer's governmental activities and duties.
38 These funds may be used only to defray those attorney's fees and
39 other related legal costs.

1 (b) An officer may establish a separate account to defray
2 officeholder expenses that are set forth by the Commission. No
3 funds from this account shall be used for a mass mailing. No
4 officer accounts shall exceed fifty thousand dollars (\$50,000) at
5 any time.

6 (c) A Governor, Lieutenant Governor, or other statewide
7 officer may establish an inaugural account to cover the cost of
8 events, celebrations, gatherings, and communications that take
9 place as part of, or in honor of, the officer's inauguration.

10 (d) A candidate or officer may receive contributions of up to
11 five hundred dollars (\$500) per person per year in the aggregate
12 for accounts in subdivisions (a), (b), and (c). All contributions,
13 whether cash or in-kind, shall be reported in a manner prescribed
14 by the Commission. Contributions to such funds shall not be
15 considered campaign contributions.

16 (e) An officer or legal defense account shall not solicit or
17 accept a contribution from a registered state lobbyist or lobbyist
18 employer if the lobbyist or lobbyist employer finances, engages,
19 or is authorized to engage in lobbying the government agency of
20 the officer.

21 (f) Once the legal dispute is resolved or the officer leaves
22 office, the candidate shall dispose of any funds remaining after
23 all expenses associated with the dispute are discharged or after
24 the elected state officer leaves office, for one or more of the
25 purposes set forth in paragraphs (1) to (5), inclusive, of
26 subdivision (b) of Section 89519.

27
28 Article 9. Restrictions on Candidates
29

30 91117. A candidate or any committee controlled by the
31 candidate shall not receive any contributions prior to the
32 beginning of the exploratory period.

33 91119. A nonparticipating candidate may transfer campaign
34 funds from one controlled committee to a controlled committee
35 for elective state office of the same nonparticipating candidate.
36 Contributions transferred shall be attributed to specific
37 contributors using a "last in, first out" or "first in, first out"
38 accounting method, and these attributed contributions when
39 aggregated with all other contributions from the same contributor
40 shall not exceed the limits set forth in Section 91103 or 91105.

91121. A nonparticipating candidate may accept a contribution after the date of the election only to the extent that the contribution does not exceed net debts outstanding from the election and the contribution does not otherwise exceed the applicable contribution limit for that election. All debts shall be repaid or written off no later than 90 days after the general election.

91123. Candidates may accept monetary or in-kind contributions from political parties provided that the aggregate amount of such contributions from all political party committees combined does not exceed the equivalent of 5 percent of the original Clean Money financing allotment for that office for that election. Such expenditures shall not count against the money spend by Clean Money candidates.

91125. Notwithstanding paragraph (1) of subdivision (b) of Section 82030, a contribution of five hundred dollars (\$500) or more received by a candidate shall be considered income subject to the disqualification provisions of this act.

Article 10. Ballot Pamphlet Statements

91127. The Secretary of State shall designate in the state ballot pamphlet those candidates who have voluntarily agreed to be participating candidates.

91131. (a) A candidate who is a participating candidate may place a statement in the state ballot pamphlet that does not exceed 250 words. The statement shall not make any reference to any opponent of the candidate. The statement shall be submitted in accordance with timeframes and procedures set forth by the Secretary of State for the preparation of the state ballot pamphlets.

(b) A nonparticipating candidate may pay to place a statement in the appropriate ballot pamphlet or voter information portion of the sample ballot that does not exceed 250 words. The statement shall not make any reference to any opponent of the candidate. The statement shall be submitted in accordance with timeframes and procedures set forth by the Secretary of State for the preparation of the state ballot pamphlets. The nonparticipating candidate shall be charged the pro rata cost of printing, handling, translating, and mailing the campaign statement.

1 Article 11. Appropriations for the Clean Money Fund

2
3 91133. (a) A special, dedicated, nonlapsing Clean Money
4 Fund is created in the State Treasury, and notwithstanding
5 Section 13340, is continuously appropriated each fiscal year
6 beginning in 2006 to the Commission an amount equal to
7 one-eighth cent (\$0.00125) a month times the number of
8 California residents 18 years or older. The Clean Money Fund is
9 established for the following purposes:

10 (1) Providing public financing for the election campaigns of
11 certified participating candidates during primary and general
12 campaign periods.

13 (2) Paying for the administrative and enforcement costs of the
14 Commission related to this act. The Commission shall annually
15 be appropriated at least five hundred thousand dollars
16 (\$500,000), plus cost of living, to administer this act.

17 (b) The appropriation shall first be made by the Legislature in
18 the 2006–07 fiscal year and in each subsequent fiscal year.

19 91135. Other sources of revenue to be deposited in the Clean
20 Money Fund shall include all of the following:

21 (a) The qualifying contributions required of candidates
22 seeking to become certified as participating candidates and
23 candidates' excess qualifying contributions.

24 (b) The excess seed money contributions of candidates seeking
25 to become certified as participating candidates.

26 (c) Unspent funds distributed to any participating candidate
27 who does not remain a candidate until the primary or general
28 election for which they were distributed, or funds that remain
29 unspent by a participating candidate following the date of the
30 primary or general election for which they were distributed.

31 (d) Fines levied by the Commission against Secretary of State
32 candidates for violation of election laws.

33 (e) Voluntary donations made directly to the Clean Money
34 Fund.

35 (f) Other funds appropriated by the Legislature.

36 (g) Any interest generated by the Clean Money Fund.

37 (h) Any other sources of revenue from the General Fund or
38 from other sources as determined by the Legislature.

Article 12. Administration

91137. (a) Upon a determination that a candidate has met all the requirements for becoming a participating candidate as provided for in this act, the Commission shall issue to the candidate a card, known as the “Clean Money Debit Card,” and a “line of debit” entitling the candidates and members of the candidate’s staff to draw Clean Money funds from a Commission account to pay for all campaign costs and expenses up to the amount of Clean Money funding the candidate has received.

(b) Neither a participating candidate nor any other person on behalf of a participating candidate shall pay campaign costs by cash, check, money order, loan, or by any other financial means other than the Clean Money Debit Card.

(c) Cash amounts of one hundred dollars (\$100) or less per day may be drawn on the Clean Money Debit Card and used to pay expenses of no more than twenty-five dollars (\$25) each. Records of all such expenditures shall be maintained and reported to the Commission.

91139. If the Commission determines that there are insufficient funds in the program to fund adequately all candidates eligible for Clean Money funds, the Commission shall reduce the grants proportionately to all eligible candidates. If the Commission notifies a candidate that the Clean Money funds will be reduced and the candidate has not received any Clean Money funds, the candidate may decide to be a nonparticipating candidate. If a candidate has already received Clean Money funds or wishes to start receiving such funds, a candidate who wishes to collect contributions may do so in amounts up to the contribution limits provided for nonparticipating candidates but shall not collect more than the total of Clean Money funds that the candidate was entitled to receive had there been sufficient funds in the program less the amount of Clean Money funds that will be or have been provided. If, at a later point, the Commission determines that adequate funds have become available, candidates, who have not raised private funds, shall receive the funds owed to them.

91141. (a) If a participating candidate spends or obligates to spend more than the Clean Money funding the candidate is given, and if it is determined by the Commission, subject to court

1 review, not to be an amount that had or could have been expected
2 to have a significant impact on the outcome of the election, then
3 the candidate shall repay to the Clean Money Fund an amount
4 equal to the excess.

5 (b) If a participating candidate spends or obligates to spend
6 more than the Clean Money funding the candidate is given, and if
7 that excess amount is determined by the Commission, subject to
8 court review, to be an amount that had or could have been
9 expected to have a significant impact on the outcome of the
10 election, then the candidate shall repay to the Clean Money Fund
11 an amount up to 10 times the value of the excess.

12 91143. It is unlawful for candidates to knowingly accept more
13 benefits than those to which they are entitled, spend more than
14 the amount of Clean Money funding they have received, or
15 misuse such benefits or Clean Money funding.

16 (a) If it is determined that the violation was intentional and
17 involved an amount that had or could have been expected to have
18 a significant impact on the outcome of the election, the candidate
19 may be fined up to twenty-five thousand dollars (\$25,000), or
20 imprisoned for up to five years, or both.

21 (b) Any person who is found criminally guilty of any violation
22 of this act shall be sentenced to at least one day and one night in
23 jail.

24 Article 13. Cost of Living

25
26
27 91145. The Commission shall adjust the contribution
28 limitations, voluntary spending limits, seed money provisions
29 and the Clean Money fund provisions in January of every
30 odd-numbered year to reflect any increase or decrease in the
31 Consumer Price Index and the increase in registered voters.
32 Those adjustments shall be rounded to the nearest ten dollars
33 (\$10) for the seed money provisions, one hundred dollars (\$100)
34 for the limitations on contributions, and one thousand dollars
35 (\$1,000) for the Clean Money provisions.

36 SEC. 2. If the Commission on State Mandates determines that
37 this act contains costs mandated by the state, reimbursement to
38 local agencies and school districts for those costs shall be made
39 pursuant to Part 7 (commencing with Section 17500) of Division
40 4 of Title 2 of the Government Code.

1 SEC. 3. The provisions of Section 81012 of the Government
2 Code, which allows legislative amendments to the Political
3 Reform Act of 1974, shall apply to all the provisions of this act.

4 SEC. 4. The Legislature finds and declares that the provisions
5 of this act further the purposes of the Political Reform Act of
6 1974 within the meaning of subdivision (a) of Section 81012 of
7 the Government Code.

8 SEC. 5. This chapter shall be deemed to amend the Political
9 Reform Act of 1974 as amended and all of its provisions that do
10 not conflict with this chapter shall apply to the provisions of this
11 chapter.

12 SEC. 6. The provisions of this act are severable. If any
13 provision of this act or its application is held invalid, that
14 invalidity shall not affect other provisions or applications that can
15 be given effect without the invalid provision or application.

16 SEC. 7. This act shall take effect on January 1, 2007.